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I am grateful for the opportunity to appear today to discuss the steps the United States might take next to deal with Iran's nuclear violations.

As the committee knows, the Iranian nuclear dispute has reached a turning point. Iran has rejected efforts by Britain, France and Germany to resolve things diplomatically. It has not accepted Russia's offer to shift Iran's nuclear enrichment work to Russian soil. And it has rejected repeated calls by these four countries, by China, and by the International Atomic Energy Agency to suspend work on uranium enrichment. Instead, Iran resumed research in January that will enable it eventually to produce fuel for nuclear weapons. Iran also announced that it will start installing a cascade of 3,000 centrifuge machines at its commercial enrichment plant late this year. Once that many machines are operating successfully, Iran could enrich enough uranium for two or three bombs per year.

This week, the International Atomic Energy Agency's governing board is debating Iran's nuclear violations once again. Barring a last minute concession by Tehran, the meeting will end with a transfer of Iran's nuclear dossier to the U.N. Security Council. The board has already found Iran in "non-compliance" with its obligations. It is too early to know what the Council will do, but it is not too early to recommend what the United States should do.

I believe that the United States should start acting as if stopping the Iranian bomb were truly at the top of its foreign policy priority list. Putting Iran first would mean moving quickly to start the sanctions process at the United Nations; it would mean shelving the "strategic partnership" deal with India at least until the crisis with Iran is over; and it would mean telling the government of Dubai that it must stop allowing dangerous exports to go to countries like Iran and Pakistan if it wants to operate an American port.

Sanctions require time to work. As we look at a four- or five-year time frame for Iran to achieve weapon capability–which is what many estimates now conclude–sanctions must begin soon in order to have a chance. The process at the Security Council will be incremental. First, exhortations, then deadlines, then debates on what to do when the deadlines are not met. The United States hopes to close the circle in which Iran can move, and to do it slowly, inch by inch, making it tighter and tighter without losing international support, until a mood is created that will support tough sanctions. It will be necessary to show that all steps short of such sanctions have failed before the Council will impose them. This is a sound strategy, but the process must not drag out to the point where Iran is most of the way to the bomb before sanctions can begin to bite.

What sanctions should we ask for? Because Iran is in present violation of its treaty obligations concerning the peaceful use of nuclear energy–meaning that there is no assurance it is not seeking nuclear weapons–it is fair to ask all countries to suspend the sale of any nuclear item, including nuclear dual-use items, to Iran. This would reduce the chance that Iran could continue to fuel with imports what is now seen as an illicit weapon effort. It is also fair to ask all countries to suspend the sale of any military item, including military dual-use items, as well as any item that can be used to make chemical weapons, biological weapons, or missiles. These steps would be simple to implement. There is a direct precedent in the Council's dealings with Iraq. The Council adopted a "trigger list" of military and dual-use items that were controlled for sale to Iraq because of Iraq's treaty violations. That same list could be adopted for Iran. It still exists and can be found on any number of web sites, including my organization's www.IraqWatch.org.

This sanction would stall progress on Iran's Bushehr reactor by cutting off the training and assistance that Russia is now providing, and would stop shipments of Russian fuel to the reactor, which are planned for later this year. It would also cut off further imports of sensitive dual-use items needed to make nuclear weapons–such as those the International Atomic Energy Agency is still trying to track down in Iran. The Agency is asking what Iran did with high-vacuum equipment, electronic drive equipment, power supply equipment, laser equipment, balancing machines, mass spectrometers and fluorine handling equipment. All of these dual-use imports came from other members of the United Nations. All can be used to make nuclear weapons. Under this sanction, it would be illegal to sell such things, and the lack of them would slow down Iran's nuclear progress. It would also stymie Iran's general technological advance. Iran's officials would learn that the bomb has a real cost in valuable infrastructure. The sanction would send a strong signal, and would target what is of greatest concern: Iran's weapon effort.

But there is a hitch. These sensitive nuclear items are exactly what we, the United States, are hoping to sell India under our new nuclear agreement with New Delhi. Yes, strange as it may sound, in order to cut off further nuclear exports to Iran, our diplomats will have to convince the rest of the world to ignore the fact that the United States wants to sell the same things to India, a country that rejected the Nuclear Nonproliferation Treaty and developed nuclear weapons secretly under the guise of a civilian energy program. The details of how the India deal will affect Iran are contained in the findings of a roundtable that my organization conducted recently, which are available on www.IranWatch.org. I would ask that these findings be included in the record of the hearing.

In effect, the United States is asking other exporting countries to bend export rules that the United States sponsored, and that it has followed for decades, to make a special exception for a country–India–that America has now declared to be its friend. Other countries, like Russia and China, can easily ask the same treatment for Iran, which is their friend, and which is supplying them money, gas and oil. Even without the India deal it would have been a stiff challenge to get Russia and China to support meaningful sanctions. With it, the odds are reduced.

The U.S.-India deal also bolsters hardliners in Iran who favor nuclear weapons. This group believes that such weapons are in the country's interest, and that developing them would bring only limited, short-term penalties. They can argue now that the India deal proves them right. Once a country succeeds in getting the bomb, as India has done, the United States will give up on sanctions and pursue its interest in trade. This preference for trade over punishment is what

Russia and China are now showing for Iran, and what the United States is trying to get these countries to change. The U.S. posture on India makes this task more difficult.

Thus, if stopping Iran is our first priority, we should shelve the India deal at least until the Iranian nuclear crisis is over. Iranian officials are citing the deal almost every day to argue that the United States cares less about proliferation than about using proliferation rules to support its friends and punish its adversaries. Shelving the deal would prove that this is not true.

I have said above that sanctions need time to work. But they also need to be implemented. If there are countries willing to flout them, it does not matter whether they are adopted or not. Such countries include not only those whose firms have supplied Iran directly, but those that serve as retransfer points.

For the past two decades, Dubai and other points in the United Arab Emirates have been the main hubs in the world for nuclear smuggling. In the 1980's, several shipments of heavy water, a nuclear reactor component, were smuggled from China, Norway and the Soviet Union through Dubai to India, so India could use its energy-producing reactors to create plutonium for nuclear weapons. In the 1990's, companies in Dubai willingly coordinated the notorious smuggling network of Pakistani scientist A. Q. Khan. Through Dubai to Iran were shipped two containers of gas centrifuge parts from Mr. Khan's laboratories for about three million dollars worth of U.A.E. currency. Also in the 1990's, a Dubai company attempted to violate U.S. export control laws by shipping Iran a material useful for manufacturing ingredients for nerve gas, and the German government listed six firms in Dubai as front companies for Iranian efforts to import arms and nuclear technology.

This activity did not cease after September 11, 2001. In October 2003, Emirates customs officials, over U.S. protests, allowed 66 high-speed electrical switches ideal for detonating nuclear weapons to be sent to a Pakistani businessman with ties to the Pakistani military. An affidavit, signed by an official in the U.S. Department of Commerce, shows that the director of customs in the Emirates refused to detain the shipment despite a specific request by one of the Department's agents.

Dubai's export behavior reveals an important fact: we may be debating the wrong issue in the Dubai Ports World dispute. The biggest threat to our security is not what might come through a U.S. port managed by a Dubai company. The real threat is in what is flowing through Dubai's ports to countries that are making nuclear and other weapons of mass destruction. Once these countries, or even a terrorist organization, get what they need through Dubai and are able to make bombs, it will be too late to stop the bombs at our ports regardless of who is in charge. The time to stop the bomb is well before the point where someone can put it into a container. Thus, Dubai is a security risk. Iran imports large quantities of goods through Dubai and Dubai is a revolving door. It will not be possible to curb Iran's nuclear imports unless Dubai cleans up its act. To encourage it to do so, its government should be told that before being allowed to manage an American port terminal, it needs to have effective export controls. I recommend that this committee request that Dubai's export control record be made part of the 45-day review, and I also recommend that the committee ask the U.S. State Department to state formally whether Dubai's export control record thus far has been satisfactory.

In addition to these points, it is worthwhile to say a few words about the latest Russian offer, which is to enrich uranium for Iran on Russian soil. The offer is stirring up debate this week in

Vienna, and it is seen by some as a way out of the crisis. The key question about the offer is what it would allow Iran to do at home, not what it would allow Russia to do in Russia.

Under the deal, Russia would enrich in Russia all the uranium Iran will need for reactor fuel. Thus, Iran would not have to build a large uranium enrichment plant, which many fear could be converted to large-scale bomb making. Iran has insisted, however, that it be allowed to continue its nuclear "research." That research, which includes uranium enrichment on a small scale, will confer one day the ability to make a handful of nuclear weapons.

The Russians were saying "no" to the research until a few days ago, when they apparently decided to try at the last minute to rescue Iran from the Security Council. Now the Russians would allow Iran to continue the research, a cave-in that the United States opposes. Britain, France and Germany oppose it too. Waffling of this sort by Russia could shatter the coalition of states that is finally working together to restrain Iran. Countries are torn between the desire to escape a confrontation, and the fear that Iran would not be adequately contained.

The United States must hold out for a solution as near as possible to the one Libya accepted in 2003. Libya allowed everything useful for enriching uranium to be boxed up and carted out of the country. It also answered all questions about its nuclear past and revealed the names of its shady suppliers, allowing the West to counter the nuclear smuggling network run by A. Q. Khan. Only great pressure from the Security Council is likely to force Iran to accept a similar agreement.

The overall goal of our policy must be to persuade Iran that it will be better off without nuclear weapons than it will be with them. That is, that the cost of a weapon is greater than the benefit. A number of other countries have been so persuaded. They include, most recently, Argentina, Brazil, Libya, Kazakhstan, South Africa, Ukraine and Belarus. All of these countries decided that the cost to them in their relations with the rest of the world was greater than any benefit the bomb could confer. We want–virtually the whole world wants–Iran to make the same decision. But that won't happen unless the cost to Iran is made sufficiently high.

To make it high, other countries too will have to suffer. China is on the brink of signing an oil and natural gas deal with Iran worth tens of billions of dollars. Russia just agreed to sell Iran $700 million worth of surface-to-air missiles, which Iran says will protect its nuclear sites. This arms deal is in addition to Russia's work on the Bushehr reactor, now valued at $1 billion. When China and Russia vote on Iran sanctions, these economic stakes will weigh in the balance.

There is no doubt that sanctions will be costly. The entire world could see higher energy prices. But at least we can make a rough prediction of what the cost could be. Who, however, can quantify the cost of an Iranian bomb? Who can tell if a conflict between Iran and some other country might cause nuclear threats–or even nuclear weapons–to fly back and forth? Who can tell whether Iran might supply a bomb or the means to make one to a terrorist group? And who can tell what would happen to Iran's arsenal if its unpopular government falls, as it surely will one day?

We seem to be faced with a choice between the threats that we think we can live with, and the ones we think we can't. Seen in this light, sanctions, though expensive, appear to be the best alternative.